CIA/OPR /75-307M THE QUESTION OF WESTERN EUROPEAN JUN 75
UNITY & ITS IMPLICATIONS FOR THE US ~~CONF~~ 01 OF 01

[redacted]

THE QUESTION OF WESTERN EUROPEAN UNITY

AND ITS IMPLICATIONS FOR THE US

June 1975

PR 75-307M

[redacted]

NOTE

This is an informal, speculative essay -- not a research paper in the ordinary sense of the term. Its purpose is to test the long-standing assumption that western European unity is in the interest of the US.

There are various ways of perceiving the movement toward western European unity and of assessing the progress it has made and its prospects for the future. We are aware of the argument that de facto unity has already come a long way -- further than what appears in solemn treaties, formal documents, and the elaborate institutional constructs associated with the European Community. There is, indeed, a good deal of day-to-day political consultation among western European officials. No major issue is dealt with without some awareness of the pan-European dimension. But unless one believes that the momentum toward western European unity is so strong as to be irreversible, the final outcome remains uncertain.

The central focus of this paper is to sort out and analyze the implications of various possible outcomes to the movement toward western European unity. The introductory section places the goal of unity in the context of the Atlantic alliance. The second section performs several hypothetical tests of the assumption that unity is good for the US -- by spelling out the implications of several possible "Europes." The final section attempts to put the judgments of the second section in the context of the real world.

C O N T E N T S

		Page
I.	WESTERN EUROPEAN UNITY AND THE ATLANTIC ALLIANCE	1
II.	IDEAL "EUROPES" AND THEIR IMPLICATIONS FOR THE US . . .	3
	A United Western Europe	3
	Other "Europes": Some Progress, Stasis, or Retrogression	8
III.	EUROPEAN REALITIES	12
	Circumstances for Unity	15

I. WESTERN EUROPEAN UNITY AND THE ATLANTIC ALLIANCE

> European unity, in our view, is not contradictory to Atlantic unity.
>
> Henry A. Kissinger

The idea that European unity would be a good thing began to take shape as an underlying premise of US foreign policy during the latter stages of World War II. At that time, it represented mainly a reaction against the divisive forces of nationalism which had brought Europe to the brink of destruction. The principal impetus stemmed from fear that someday, somehow Germany might become a powerful nation once again, and hope that that could be avoided if the Germans were integrated into a larger European community.

A commitment to European unity did not crystallize as a US foreign policy objective until the early years of the Cold War. Then, the scope of the US objective was limited to western Europe as it had become apparent that both Germany and Europe generally were likely to remain divided for some time to come. From the Marshall Plan and the European Coal and Steel Community to the Common Market and European Community (EC), the US has played a key role in encouraging the formation of a united, anti-communist western Europe.

From the time of the Marshall Plan if not earlier, however, the main thrust of US policy has been toward the creation of an Atlantic-oriented western Europe. While the US has continued to support the goal of western European unity, the Atlantic connection has almost always taken precedence. On both sides of the Atlantic, the commitment to the alliance has often tended to undermine the commitment to western European unity.

There is a perhaps unavoidable conflict between the goals of maintaining a strong Atlantic alliance and of building a united western Europe. This is most evident in the area of defense, though it carries over to political and even to some economic matters as well. As long as the western Europeans have been able to rely on the US for their defense, they have had little incentive to work seriously for a western European defense community. And in the absence of any compelling need for military unity, they have seen little reason to unite politically. Except for certain economic matters, the western European states (excluding France) have tended to calculate that they have more to gain from cooperation with the US (either bilaterally or in such bodies as NATO and the International Energy Agency) than from combination with their neighbors. The Atlantic connection, therefore, has provided a buffer which has enabled the western Europeans to postpone or evade having to reconcile their diverse national interests.

II. IDEAL "EUROPES" AND THEIR IMPLICATIONS FOR THE US

> ...there is a danger that in the next few years Europe might drop behind, so to speak, while at the same time other countries will move up. In a way this is a revenge on Europe for the 19th century. And it is this that prompts us to pursue with patience -- and patience is needed -- the organization of European union, for perhaps one day we will have to organize together a Europe in need...
>
> Valéry Giscard d'Estaing

A United Western Europe

Let us stretch the imagination to consider what a truly united western Europe might be like. It is not necessary for this purpose to make any assumptions about how this imaginary "Europe" would be internally organized. It is simply enough to assume that it would have enough internal unity to act with authority on vital matters as a single entity.

Such a "Europe" would have the economic sinews on which a powerful political and military entity could be based; the nine members of the EC already have:

-- upwards of 260 million people,

-- a gross annual economic product of more than $1 trillion, and

-- foreign exchange reserves of roughly $70 billion.

In almost every respect, such a "Europe" would pose a potential threat of competition and rivalry with the US considerably greater than would

a less unified Europe with its diverse, often mutually-conflicting national interests intact. This would tend to be true no matter what form the European union took (supranational, federal, or confederal) or which political forces were dominant (left, right, or center), though obviously some combinations would be harder to live with than others.

A truly united western Europe would almost inevitably have basic interests different from and independent of those of the US. There have long been differences between the western Europeans and the US over their respective interests and obligations outside of Europe, most notably in Southeast Asia and the Middle East. Even with regard to Europe itself, disputes over strategic doctrine and tactics have revealed basic differences in perspectives and interests -- particularly, though by no means exclusively, in the era of de Gaulle. And while the atmosphere of detente has removed some of the harsher aspects of the Cold War, European apprehensions have grown over the possibility of Soviet-US deals at their expense. The western Europeans have also become increasingly less inclined to accept US leadership in international trade and monetary councils: they tend to blame the US -- and particularly the large balance-of-payments deficits which the US ran for years in connection with the war in Indochina -- for allowing the international economic system to get out of whack.

It has been widely assumed that only a united western Europe could carry enough clout to overcome the problems of inequality inherent in the dominant US role in the Atlantic alliance. This is the underlying premise of the "dumbbell" or "two pillar" theory of the alliance -- the notion of two partners of equal weight, bound together by certain fundamental common interests. But even if one assumes a convergence of western European and US interests on the fundamental purposes of the alliance, e.g., on the need to maintain a credible deterrent to Soviet power, there would almost certainly be differences over the means to accomplish these objectives. It is possible that such differences would be minor, tactical ones and that an adversary relationship among equals would yield better results than otherwise. Even so, once the US became an equal rather than the dominant partner in the alliance, US freedom of action would be considerably more restricted than it already is.

Contrary to the conventional wisdom, a workable Atlantic alliance would probably be incompatible with a truly united western Europe. It is possible, of course, that such a "Europe" could be an independent power economically and politically but remain dependent on the US security guarantee. But, in practice, such a "Europe" would be unlikely to be any more pliant and docile an ally than the NATO allies are now. At best it would be a restless ally and, more likely, it would seek to be a very independent entity -- which would mean becoming militarily

independent as well. If it developed a nuclear capability commensurate with its economic and political power, it would have little or no need for the US security connection.

A truly united western Europe would also tend to de-stabilize the postwar European balance of power which the US has done so much to nurture. For years, the Soviets have viewed the movement toward western European unity as an instrument of American capitalism and as a western ploy in the Cold War. Though there are indications that Soviet views about the EC in its present limited form have begun to mellow, Moscow remains extremely sensitive to the possibility that western European defense cooperation might serve as a screen for the revival of German political and military power. From the Soviet perspective, Washington and Moscow have a common interest in preserving the European status quo, at least for now. In their view, the present division of Europe preserves a relatively stable sphere of influence for each superpower. While a united western Europe might in one sense simply consolidate the existing division of Europe, it could also be deeply unsettling to the status quo.

If, on the one hand, one assumes that a workable Atlantic alliance is a vital national interest of the US, one might conclude that it is a good thing that western Europe is still so far from united. The existing situation, after all, allows the US a certain leverage. It is already hard enough, at times, to persuade the western European allies to go along with US desires. They feel a

certain freedom to promote or impede things which the US does not like because they assume that the US is in Europe basically to serve its own interests. Consider how difficult alliance relations could become if the western Europeans were united in a single, powerful entity.

If, on the other hand, one assumes that the alliance in its present form cannot last indefinitely and that the US military role in Europe either should or inevitably will end, one might conclude that US interests would be better served by a united western Europe with the collective strength to resist real or imagined Soviet pressures. In recent years, China has taken a similar view -- although the Chinese have their own political purposes in doing so. But the above conclusion begs a basic question as to whether or not a US military withdrawal would provide an impetus toward a united and militarily powerful western Europe. It would be at least as likely in such circumstances that the western European states would seek to reach various forms of political accommodation with the Soviet Union -- probably on an individual rather than a collective basis.

Finally, if one assumes that the continuing divisions of Germany and of Europe are themselves unnatural aberrations in the long term historical process and that eventually they too will break down, one might conclude that US interests would be served at least as well by a wholly united Europe playing a powerful,

independent role vis-a-vis the other major powers. Whether or not the elimination of the postwar division of Europe would yield a wholly united Europe, however, is at least as uncertain as whether or not a US military withdrawal would lead to a united western Europe. Clearly, an end to the current division would not be possible without a willingness on the part of both the US and the USSR to loosen the ties that bind them to their respective European allies and to accept the risks of a more free-wheeling and less manageable world.

Other "Europes": Some Progress, Stasis, or Retrogression

The above discussion is relevant only to the very unlikely prospect of a truly united western Europe (or, in the preceding paragraph, to the even more remote prospect of a wholly united Europe). It is necessary to consider the more likely prospect of lesser combinations or degrees of economic, political, and military integration. While in theory there are many possibilities, for purposes of analysis these can be reduced to essentially three alternatives: some progress beyond the present mix of limited economic integration and a modicum of political coordination; stasis, i.e., no significant change; and retrogression, which could range anywhere from slight setbacks to complete disintegration of the EC.

If we posit some progress toward greater unity, the EC could become a considerably more powerful economic rival of the US than

it is now. At first, western European strength might be confined to the specific area of economic policy on which an integrated or unified approach had been forged, but eventually western Europe's greater potential economic clout could have an impact in other areas as well. It could do more to extend its existing trading links in both the Third World and in advanced industrialized markets, sometimes developing exclusive preferential arrangements. It could consolidate and develop the western European arms industry so that it could demand a larger share of military procurement within NATO and compete even more effectively with the US in foreign arms markets. It would also be in a better position to challenge US dominance in international trade and monetary councils. Selective restrictions on US access to the western European market would also be possible, though any such challenges would be tempered by the mutual gains both areas derive from relatively unrestricted trade. In the final analysis, there would be a political/military constraint as well: the EC states, except possibly France and Ireland, would want to stop short of any economic challenge to the US that would risk disruption of the Atlantic alliance in any fundamental way.

If there is stasis, i.e., no further progress but no retrogression either, the implications for US policy would be less weighty. Occasionally, the EC would speak with one voice on political questions, as it has done with some success at the Conference

on Security and Cooperation in Europe. On some questions, the "lowest common denominator" problem would apply: the US's closest friends in NATO (the West Germans, the British, and possibly still the Dutch) might be inhibited from supporting a US position in order to preserve at least the appearance of unity within the EC. Generally, however, the US would seem to have sufficient leverage over one or more of its western European allies to prevent the EC from acting against important US national interests -- if not to persuade it to cooperate. On economic matters, the EC would remain an economic force to reckon with, and would on occasion conduct policies harmful to private US economic interests. Nonetheless, it is doubtful that the EC under present limits would have either the clout, the inclination, or the will to challenge vital US national interests.

If the EC falters and retrogresses, the implications for the US would be mixed. The direct consequences would be helpful to some, harmful to other private US economic interests. If the common agricultural policy were weakened or eliminated, US farmers would probably face less restricted access to at least some western European markets and less formidable competition from western European agricultural exports both in the US and around the world. On the other hand, multinational corporations representing substantial US interests might find that a weakening of the EC would make it more costly to do business on a Europe-wide basis because national

regulations would tend to be more restrictive than the favorable climate for US trade and investment which the EC has established. Politically, the EC carries so little clout that even its demise would have only a marginal direct effect on the US.

In a broader sense, however, the breakdown of the EC would be widely interpreted as a failure of an important building-block in the postwar European world which the US had done much to construct. For some western Europeans, the immediate effect would be to enhance the importance of NATO inasmuch as they would feel psychologically even more dependent on the US. But, for others, the indirect effect would be quite the opposite and potentially more far-reaching -- to the extent that the breakdown of the EC were viewed, together with other recent changes in the international environment, as a sign that the entire US-oriented postwar structure was in the process of crumbling.

In the latter context, the view that NATO has become a historical anachronism would gain greater credence, and pressures for disbanding it would mount. Thus, a breakdown of the EC could set in train a series of shocks which could unsettle the western European status quo. Although the centrifugal forces let loose by such events would probably prove more powerful than the centripetal ones, the disruption of both the EC and NATO might provide the basis for an entirely new, wholly European impetus toward unity that would seek to embrace all of Europe. Though it is

hard to see how the eastern Europeans could rid themselves or be rid of the Soviet yoke, it is ironic that the above circumstances might provide a better chance for unity (though slim at best) than all the US-sponsored efforts of the past.

III. EUROPEAN REALITIES

Whoever speaks of Europe is wrong.

Otto von Bismarck

The cause of western European unity has made only modest progress over the past 25 to 30 years. But compared with the antagonisms and intermittent conflicts to which Europe historically has been accustomed, the achievements to date have been impressive and should not be discounted without weighing what the alternatives might have been. Still, the relative advance over the disharmony of the past should not obscure the real limits of western European unity today.

The principal achievement has been the Common Market, which consists essentially of a customs union with a common external tariff, a common agricultural policy, a free and mobile labor market, and various trade and industry associations. There is little doubt that the Common Market is already a formidable economic competitor and that it has the potential of becoming the most powerful trading bloc in the world. But as long as western European economic policies are made principally by the national governments

in Bonn, Paris, and London, the Common Market will remain more a framework for economic activity than an economic power in its own right.

There has been considerably less progress in the direction of western European political unity and virtually no progress toward military unity -- except for limited cooperation in the NATO (Eurogroup) context. There has, of course, been a great increase in the kind and number of occasions which bring the western Europeans into fairly regular consultation with one another in both inter- and intra- governmental capacities. But none of the EC institutions or forums -- the Council of Ministers, the Commission, the Parliament, or the Court of Justice -- carries much political clout compared with the continuing power and authority of the nation-states.

The existing economic situation may even put a damper on the chances for further limited progress toward economic integration. The western Europeans are beset in varying degrees by the economic dilemma that afflicts the entire industrialized world: how to control inflation without producing unacceptable unemployment, and how to sustain growth without making inflation even more debilitating. As the economic malaise lingers on, the resulting strains tend to foster divisive tendencies within countries and protectionist policies in their relations with one another.

The social and political consequences of the industrialized world's economic plight may be only dimly seen today. There are already unsettling signs of change in western Europe, as incumbent governments have trouble maintaining public support even though there is little confidence that conventional opposition parties have any better alternatives to offer. Still, the decline in respect for established institutions has not led to radical change -- except in the peculiar case of Portugal. Indeed, for most Europeans, the solutions of the left and the right, old or new, seem to have declining relevance to the problems of the mid-1970s. While there is a growing sense of the need for change, and consequently fertile soil for some good old-fashioned demagogy, there is little confidence in the ability of institutions or leaders currently on the horizon to guide the way.

It could be argued that the general disaffection and the groping for alternatives might provide an impetus toward unity that until now has been sorely lacking, particularly among the younger generation that has come of age since the second world war. But while this is logically possible, it cannot be considered very likely. Young and old alike might more readily make the opposite case and conclude, with Voltaire, that the most one should aspire to is cultivate one's own -- presumably small -- garden. They probably see little reason to believe that a united western Europe would operate more effectively than have existing governments.

Many of the problems of the modern world seem too diffuse and complex to lend themselves to centralized solutions or, for that matter, to governmental solutions of any sort. From the standpoint of many western Europeans, the EC institutions have simply added one more layer of bureaucracy between people and the solutions to their problems.

The "small steps" approach to community-building that is being attempted by the EC will inevitably be slow and subject to setbacks. This gradual, piecemeal process rests essentially on an act of faith: that step-by-step, pragmatic progress will lead onward and upward along a continuum toward greater and greater economic integration, with political unity the eventual result. It is well to remember, however, that it has taken over 25 years to achieve the measure of economic integration and the modicum of political coordination that have been attained thus far.

Circumstances for Unity

Why is western Europe still so far from united despite the fairly broad consensus that unity is a desirable objective? There are many answers to this question, including the strength and resilience of national loyalties and the difficulty in coming to any agreement on what form political unity should eventually take. But the common thread that cut across every answer is that there has been no compelling need for the western Europeans to unite.

There is considerable reason to doubt that a truly united Europe will ever evolve from the "small steps" approach to integration. Real unity would be nothing less than a revolutionary achievement, and it may simply not be possible without some external threat or series of traumatic jolts that would give the Europeans a sense of a compelling need to unite. Even in such circumstances, unity would not result inevitably nor could it be expected to occur overnight nor would it necessarily be lasting. A revolutionary jolt or series of jolts might, however, be an essential prerequisite for the motivation to act on vital matters as a single entity.

A useful analogy can be drawn from the experience of the English colonies in North America in 1776 -- an instance of incipient unity brought about by a perceived compelling need. The revolutionary jolt in that case was less the result of any single event than of a series of external challenges over at least a decade. By 1776, the several colonies had agreed on the need for common, revolutionary action: to fight for independence. Still, it took more than another decade for the new states to relinquish much of their sovereignty to the central government and at least a century, including a bloody civil war, to settle issues of the sort which Eurocrats have been trying, rather haplessly, to resolve in the absence of any compelling need.

There are at least two contingencies which could conceivably jolt the western Europeans into some kind of incipient unity.

The first -- a new oil embargo (almost certainly the most potent threat which any part of the Third World could muster vis-a-vis the non-communist industrialized world) -- might impel the western Europeans to act on the realization that they have common interests in the Middle East which are essentially different from those of the US: a greater dependence on imports of Arab oil and a lesser commitment to Israel. In this contingency, they might conclude that the best or even the only way to assure a secure supply of energy would be to deal directly and cooperatively as a single European entity with the oil producers. This would not only lead to a common energy policy independent of the US, but it could also be an important step toward western European unity.

If western European behavior during the 1973-1974 Arab oil embargo is any guide, however, a new oil crisis would magnify the differences among them rather than yield a united stance. Still, the 1973-1974 experience might prove a lesson rather than a precedent, and in a new crisis "sauve qui peut" might not be the policy to follow but the danger to be avoided. Many western Europeans would be so upset over cutting the Atlantic connection, however, that they would contemplate unified action apart from the US only with the greatest apprehension.

The second contingency -- the withdrawal of substantial numbers of US troops from Europe -- could conceivably shock some of the older, more conservative and defense-oriented western

Europeans into a serious attempt to build up their collective military strength. But a US withdrawal would also generate powerful counter-pressures (probably strongest among the young, the left, and many moderates) to come to some form of political accommodation with the Soviet Union, defined as putting relations on a more friendly, less contentious footing -- not the probably unreal spectre of "Finlandization." The tendency toward accommodation would have a good chance of prevailing both because few western Europeans any longer believe in the existence of a real Soviet military threat to western Europe and because many would doubt their own ability to create a credible deterrent to Soviet power. In any event, the western Europeans would be cautious lest any steps toward the creation of a powerful western European military entity would provoke Soviet counteractions which would leave them even less secure. In these circumstances, they might cast out additional political lines toward the Chinese if for no other reason than to put a better face on their accommodation with Moscow; the Chinese would probably be receptive to closer political ties but would eschew military commitments of any sort.

The jolt of a large-scale US military withdrawal would, however, be less likely to unify the western Europeans than to shatter what limited unity the postwar movement has accomplished. But this is not to say that it would set in train a revival of the old nationalist forces that have divided Europe in the past.

Given the impact of detente and the fairly relaxed state of western European public opinion vis-a-vis the Soviet Union, the "shock" effect might be quite subdued and confined mainly to the older generation of Cold Warriors. On the basis of past experience, most western Europeans would probably assume that the US would not stand idly by in the event of a serious Soviet threat. In any event, a US withdrawal would not be wholly to the Soviet advantage, for it would put in question the rationale for the Soviet military presence in eastern Europe. Thus, while it would disrupt the status quo to which both sides have grown rather comfortably accustomed, the full ramifications of a US withdrawal cannot be confidently predicted.